

FREMONT INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS PROPERTY ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE OF COVERAGES

This Schedule of Coverages summarizes the Limits of Insurance which are amended or added by this endorsement. In case of conflict, the coverage and Limits of Insurance in paragraphs **A.** through **U.** of the **COVERAGE SECTION** below take precedence.

A. Accounts Receivable	\$25,000
B. Additional Reward	\$5,000
C. Arson Reward	\$5,000
D. Business Income From Dependent Properties	\$10,000
E. Business Property At Exhibitions, Fairs and Trade Shows	\$5,000
F. Business Personal Property Extension	Business Personal Property covered in the open within 1,000 feet of the described premises
G. Computer Coverage	\$25,000
H. Employee Dishonesty	\$5,000
I. Fire Department Service Charge	\$5,000
J. Forgery Or Alteration	\$5,000
K. Lock Replacement	\$1,000
L. Money and Securities	Outside the Premises Limit of Insurance same as Inside the Premises Limit of Insurance
M. Off Premises Utility Service Failure	\$5,000
N. Ordinance Or Law Coverage	\$20,000
O. Outdoor Property	\$10,000
P. Outdoor Signs On Premises	\$10,000 per sign
Q. Personal Effects	\$15,000
R. Personal Property Off Premises	\$10,000
S. Salesperson's Samples	\$5,000
T. Valuable Papers and Records	\$25,000

U. Water Back-Up and Sump Overflow \$10,000

V. Appurtenant Structures \$5,000

COVERAGE SECTION

A. Accounts Receivable

SECTION 1 – PROPERTY A. 6. Coverage Extensions f. (2) is deleted and replaced by the following:

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence is \$25,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

B. Additional Reward

We will pay up to \$5,000 to any individual or organization for information leading to a crime conviction, other than for arson, in connection with loss or damage to covered property caused by or resulting from a Covered Cause of Loss. This amount is the most we will pay, regardless of the number of persons or organizations involved in providing information.

No deductible applies to this Additional Coverage.

C. Arson Reward

We will pay up to \$5,000 to any individual or organization for information leading to an arson conviction in connection with loss or damage to covered property. This amount is the most we will pay, regardless of the number of persons or organizations involved in providing information.

No deductible applies to this Additional Coverage.

D. Business Income From Dependent Properties

SECTION 1 – PROPERTY A. 5. Additional Coverages m. (1) is deleted and replaced by the following:

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$10,000 unless a higher Limit of Insurance is indicated in the Declarations.

E. Business Property At Exhibitions, Fairs And Trade Shows

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than “money” and “securities”, “valuable papers and records” or accounts receivable while on the premises of an exhibition, fair or trade show. The most we will pay for loss or damage under this Extension is \$5,000.

SECTION 1 – PROPERTY A. 6. Coverage Extensions b. does not apply when this coverage applies to the loss.

F. Business Personal Property Extension

The first paragraph under **SECTION 1-PROPERTY A. 1. b.** is deleted and replaced by the following:

- b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, including:

G. Computer Coverage

1. We will cover direct physical loss or damage caused by:
- a. A Covered Cause of Loss;
 - b. “Mechanical breakdown”, “electrical disturbance” or “power supply disturbance”
- to covered property while at a premises described on the Declarations.

Covered Property consists of:

- a. Your “hardware”, “protection and control systems” and “software”; and

- b. Similar property of others that is in your care, custody, or control.

The most we will pay for loss or damage due to a Covered Cause of Loss under this Additional Coverage is \$25,000 per any one occurrence.

2. The following definitions are added:

- a. "Hardware" means an assembly of electronic machine components capable of accepting instructions and information, processing the information according to the instructions, and producing desired results, including communication equipment.
- b. "Mechanical breakdown" means mechanical breakdown or malfunction, component failure, faulty installation, or blow out.
- c. "Protection and control systems" means air conditioning equipment used exclusively in the operation of the "hardware", fire protection equipment used for the protection of the "hardware", including automatic and manual fire suppression equipment, and smoke and heat detectors, and uninterruptible power supply system, line conditions, and voltage regulator.
- d. "Software" means processing, recording, or storage media used for electronic data processing operations. This includes films, tapes, cards, discs, drums, cartridges, or cells; and data, information, and instructions stored on processing, recording, or storage media used for electronic data processing operations.
- e. "Electrical disturbance" means electrical or magnetic damage, disturbance of electronic recordings, or erasure of electronic recordings.
- f. "Power supply disturbance" means interruption of power supply, power surge, blackout or brownout.

A loss by "Mechanical Breakdown" and Disturbance is subject to a deductible of \$500 per occurrence.

H. Employee Dishonesty

The Limit of Insurance for **SECTION 1 – PROPERTY G. Optional Coverages 3.** is \$5,000. If a Limit of Insurance is shown in the Declarations for Employee Dishonesty, this limit is in addition to the limit indicated in the Declarations.

I. Fire Department Service Charge

SECTION 1 – PROPERTY A. 5.

Additional Coverages c. is deleted and replaced by the following:

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

J. Forgery Or Alteration

SECTION 1 – PROPERTY A. 5.

Additional Coverages k. (3) is deleted and replaced by the following:

- (3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$5,000, unless a higher Limit of Insurance is shown in the Declarations.

K. Lock Replacement

We cover your costs to repair or replace door locks or tumblers of your described premises because of theft or loss of your door keys. The most we will pay under this Additional Coverage is \$1,000 in any one occurrence.

No deductible applies to this Additional Coverage.

L. Money And Securities

SECTION 1 – PROPERTY G. Optional

Coverages 2. is amended to increase the Limit of Insurance for Outside the Premises coverage so its limit is the same as the Limit of Insurance shown on the Declarations for Inside the Premises coverage.

M. Off Premises Utility Service Failure

We will pay for loss of Business Income or Extra Expense at the described premises caused by the interruption of utility services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises.

1. Water Supply Services

Pumping stations and water mains supplying water to the described premises.

2. Communication Supply Services

Property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- (a) Communication transmission lines, including optic fiber transmission lines;
- (b) Coaxial cables; and
- (c) Microwave radio relays except satellites.

Communication supply services does include overhead transmission lines.

3. Power Supply Services

- (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines;
- supplying electricity, steam or gas to the described premises.

Power supply services does not include overhead transmission lines.

The most we will pay for this Additional Coverage is \$5,000.

N. Ordinance Or Law Coverage

SECTION 1 – PROPERTY A. 5.

Additional Coverages I. is deleted and replaced by the following:

I. Ordinance Or Law

(1) Application of Coverage

This coverage provided applies only if both (a) and (b) are satisfied.

- (a) The ordinance or law regulates the demolition, construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.

But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

- (b) (1) The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

- (2) The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

- (3) But if the building sustains direct physical damage that is not covered under this policy and such damage is the subject of the ordinance or law, then there is no coverage even if the building has also sustained covered direct physical damage.

- (2) We will not pay under Coverage A, Coverage B or Coverage C for:

- (a) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by pollutants or due to the presence, growth, or proliferation, spread of any activity of fungi, wet or dry rot or bacteria; or

- (b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of pollutants, fungi, wet or dry rot or bacteria.

(3) Coverage

- (a) Coverage A – Coverage for Loss to the Undamaged Portion of the Building.

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

- (b) Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of the undamaged parts of the same building as a consequence of enforcement of an ordinance or law that required demolition of such undamaged property.

- (c) Coverage C – Increased Cost of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or:
- (2) Reconstruct or remodel undamaged portions of the building whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirement of the ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

(4) Loss Payment

The most we will pay, for the total of all covered loss for Coverage A, Coverage B and Coverage C combined is \$20,000. Subject to the \$20,000 Combined Limit of Insurance, the following loss payment provisions apply:

- (a) When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- (1) If the property is repaired or replaced, on the same or another premises we will not pay more than the amount you actually spend to repair, rebuild or reconstruct the building but not more than the amount it would cost to restore the building on the same premises and of the same heights, floor area, style and comparable quality of the original property insured; or
- (2) If the property is not repaired or replaced, we will not pay more than the actual cash value of the building at the time of loss.

- (b) Under Coverage B, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

- (c) With respect to Coverage C:

- (1) We will not pay under Coverage C:

(i) Until the property is actually repaired or replaced, at the same or another premises; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the increased cost of construction at the new premises.

(5) Under this coverage, we will not pay for loss due to any ordinance or law that:

(a) You were required to comply with before the loss, even if the building was undamaged; and

(b) You failed to comply with.

(6) No deductible applies to this Additional Coverage.

(7) This coverage is excess over any coverage available to you under the Ordinance or Law Coverage endorsement, if applicable.

O. Outdoor Property

The last paragraph under **SECTION 1 – PROPERTY A. 6. Coverage Extensions c.** is deleted and replaced by the following:

The most we will pay for loss or damage under this Extension is \$10,000, but not more than \$500 for any one tree, shrub or plant.

P. Outdoor Signs On Premises

SECTION 1 – PROPERTY C. 2. is deleted and replaced by the following:

2. The most we will pay for loss of or

damage to outdoor signs at the described premises is \$10,000 per sign in any one occurrence.

Q. Personal Effects

The last paragraph under **SECTION 1 – PROPERTY A. 6. Coverage Extensions d.** is deleted and replaced by the following:

The most we will pay for loss or damage under this Extension is \$15,000 at each described premises.

R. Personal Property Off Premises

SECTION 1 – PROPERTY A. 6. Coverage Extensions b. is deleted and replaced by the following:

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than “money” and “securities”, “valuable papers and records” or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$10,000.

S. Salesperson’s Samples

The following is added to **SECTION – 1 PROPERTY A. 6. Coverage Extensions:**

You may extend the insurance that applies to covered Business Personal Property to apply to samples of merchandise which are:

1. Owned by you while in your care, custody or control;
2. Owned by you and in the care, custody or control of your salespersons and/or agents; or
3. While in transit, except by parcel post, between your covered premises and the salesperson and/or agent;

caused by or resulting from a Covered Cause of Loss.

This Extension does not apply to:

1. Property located in or on the building described in the Declarations or in the open (or in a vehicle) within the distance shown in **F. Business**

Personal Property Extension above;

2. Property at or on the premises of your salespersons and/or agents; or
3. Merchandise intended for sale which may be sold and shipped by you to others or which has been purchased by you from others.
4. Loss by theft from any vehicle, unless at the time of the theft your salesperson, representative or a permanent employee, or a person whose sole duty is to attend the vehicle, is actually in or upon such vehicle.
5. Loss caused by misappropriation, secretion, conversion, infidelity or any dishonest act by you or others or the employees or agents of either to whom the covered property may be entrusted. This exclusion does not apply carriers for hire.

The most we will pay for loss or damage under this Extension is \$5,000.

T. Valuable Papers And Records

SECTION 1 – PROPERTY A. 6. Coverage Extensions e. (3) is deleted and replaced by the following:

- (3) The most we will pay under this Coverage Extension for loss or damage to “valuable papers and records” in any one occurrence is \$25,000, unless a higher Limit of Insurance for “valuable papers and records” is shown in the Declarations.

U. Water Back-Up And Sump Overflow

The following is added to **SECTION I – PROPERTY A. 5. Additional Coverages**:

We will pay for direct physical loss or damage to Covered Property, covered under **SECTION 1 – PROPERTY**, caused by or resulting from:

1. Water which backs up through or overflows from a sewer or drain; or
2. Water which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph 2. above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

The coverage described in **V.** above does not apply to loss or damage resulting from an insured's failure to:

1. Keep a sump pump or its related equipment in proper working condition; or
2. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

With respect to coverage provided under this Additional Coverage, Exclusion **B.1.g. Water** in **SECTION 1 – PROPERTY** is replaced by the following exclusion:

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow; or
- (3) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(3)**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

The most we will pay this Coverage Extension is \$10,000.

V. Appurtenant Structures

The following is added to **SECTION I – PROPERTY A. 5. Additional Coverages**:

We cover other structures on the building premises if used for a business purpose and set apart from the building by a clear

space. This includes such structures connected to the building only by a fence, utility line, or similar connection.

The most we will pay under this Additional Coverage is \$5,000.